

RESOLUTION NO. 86-2006

Adopted June 20, 2006

AUTHORIZING AN AGENCY GUARANTEE AGREEMENT WITH WEBCOR CONSTRUCTION, INC. DBA WEBCOR BUILDERS, A CALIFORNIA CORPORATION, IN AN AMOUNT NOT TO EXCEED \$300,000 IN LIEU OF A PAYMENT AND PERFORMANCE BOND BY WESTERN ADDITION DRYWALL, AN AGENCY CERTIFIED SMALL BUSINESS ENTERPRISE, FOR CONSTRUCTION WORK ON THE FILLMORE HERITAGE CENTER, 1300 FILLMORE STREET; WESTERN ADDITION REDEVELOPMENT PROJECT AREA A-2

BASIS FOR RESOLUTION

1. The Redevelopment Agency of the City and County of San Francisco ("Agency") supports programs that assure equal opportunity to small business enterprises, including a program to provide surety bonds and loan guarantees to such businesses.
2. On April 15, 2003 by Resolution No. 50-2003, the Agency Commission authorized the expenditure of \$500,000 to establish the Agency's Surety Bond Program ("**Program**") in order to provide construction bonds and loan guarantees for Small Business Enterprise ("**SBE**") contractors on Agency assisted projects.
3. Western Addition Drywall is a minority-owned, Agency certified SBE doing construction work on the Fillmore Heritage Center located at 1300 Fillmore Street (the "**Project**"). Western Addition Drywall's contract is for the installation of metal stud framing, sheetrocking and taping. The contract price is \$2,321,108 and Western Addition Drywall employs six (6) employees on the Project.
4. Webcor Construction, Inc. dba Webcor Builders ("**Webcor**") is the general contractor and it requires a payment and performance bond from all of its subcontractors on the Project. Western Addition Drywall is unable to obtain the necessary bonding from a commercial surety.
5. Western Addition Drywall is eligible to participate in the Program and has satisfied \$225,000 of its \$525,000 bonding requirement through the Program. However, Western Addition Drywall needs an additional \$300,000 in bonding coverage to remain on the Project.
6. Webcor is willing to enter into the Agency Guaranty Agreement, in an amount not to exceed \$300,000, in lieu of a payment and performance bond by Western Addition Drywall. If: (1) Western Addition Drywall defaulted on any payment or material performance obligations under its subcontract with Webcor; (2) Western Addition Drywall fails to cure within the applicable cure period; and (3) Webcor suffered a loss as a result; then Webcor could file a claim, with supporting

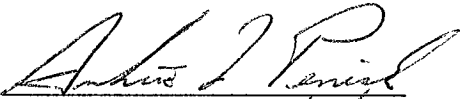
documentation, to the Agency. Agency staff would review the claim and supporting documentation and if valid, the Agency would pay the claim.

7. The Agency's guaranty would be funded by a joint checking account established for this purpose ("Guaranty Account"). Upon Agency Commission approval of the Guaranty Agreement, staff would transfer, on a temporary basis, \$300,000 from the Surety Bond Program Account to the Guaranty Account. Once the Project is complete, the \$300,000 plus interest, less any paid claims would be transferred back into the Surety Bond Program Account, to be available to assist other SBEs.
8. Staff recommends that the Agency Commission authorize an Agency Guarantee Agreement with Webcor in an amount not to exceed \$300,000 in lieu of a payment and performance bond by Western Addition Drywall for construction work on the Fillmore Heritage Center, 1300 Fillmore Street.

RESOLUTION

ACCORDINGLY, IT IS RESOLVED by the Redevelopment Agency of the City and County of San Francisco that the Executive Director is authorized to execute an Agency Guarantee Agreement with Webcor Construction, Inc. dba Webcor Builders, a California corporation, in an amount not to exceed \$300,000 in lieu of a payment and performance bond by Western Addition Drywall, an Agency certified Small Business Enterprise, for construction work on the Fillmore Heritage Center, 1300 Fillmore Street, substantially in the form lodge with the Agency General Counsel; and enter into any and all ancillary documents or take any additional actions necessary to consummate the transaction.

APPROVED AS TO FORM:


for James B. Morales 6/15/06
Agency General Counsel